

Section 5: Commonwealth IT Investment Management (ITIM)

ITIM Background

Information Technology Investment Management (ITIM) is an integrated approach to managing IT investments, promoting the continuous identification, selection, control, life cycle management, and evaluation of IT investments. ITIM uses structured processes to minimize risks and maximize return on IT investments.

ITIM, considered an industry best practice, was established as the policy framework in the current Commonwealth Technology Management (CTM) Policy, published in October 2002 (See Appendix 5-1, Commonwealth Technology Management Policy). The CTM Policy requires state agencies to adopt an ITIM approach for management of agency technology (investment) portfolios. The objectives of the CTM Policy and ITIM are to: (a) invest in technology that improves service to customers and, ultimately, to the citizens of Virginia; (b) achieve excellence in the performance of all technology services; and (c) exercise sound financial management of, and accountability for, technology investments.

Commonwealth IT Investment Board

The 2003 VITA legislation expands the scope of the Commonwealth's ITIM implementation through establishment of the Commonwealth Information Technology Investment Board (ITIB). ITIB investment management responsibilities, supported by the CIO and VITA, include:

- Approve or disapprove the development of all major information technology projects;
- Terminate any major information technology project recommended for such action by the CIO;
- Approve IT strategies, standards, and priorities recommended by the CIO for the use of IT;
- Approve the four-year plan for IT projects;
- Approve statewide technical and data standards;
- Approve statewide IT architecture and related system standards;
- Approve criteria for the review and approval of planning, scheduling, and tracking of major IT projects;
- Submit, by September 1 of each year, a list of recommended technology investment projects and priorities for funding (such projects) to the Governor and General Assembly.

At the direction of the CIO, VITA will assist with the development of rules and operating procedures for the Board. VITA will also provide analytical and administrative support to the Board, including the evaluation of major IT projects and the performance of ITIM-related activities (Strategic Plan evaluation, project proposal evaluation, investment portfolio evaluation, and ITIM reporting).

The first meeting of the ITIB was scheduled as quickly as possible--a few weeks after the law creating the Board was enacted and a matter of days after the appointments to the Board were announced. Held August 5, 2003, in the State Capitol, the members adopted interim bylaws, elected Secretary Newstrom chairman, reviewed the Freedom of Information Act and State and Local Government Conflict of Interest Act requirements, reviewed the Draft VITA Operating Plan, and established a CIO Search Committee. The Board also established a full schedule of quarterly meetings as required by statute for FY 2004 and acknowledged additional meetings would be scheduled as required. The quarterly Board meetings are scheduled as follows:

October 15, 2003
January 7, 2004
April 14, 2004
July 14, 2004

The agenda and draft minutes from the first meeting of the ITIB is attached as Appendix 5-2. The full content of the Board briefing materials is available online at <http://www.vita.virginia.gov/ITIB/docs.cfm>

VITA Project Management Division

The VITA legislation establishes a Project Management Division (PMD) within the agency. As further described in Section 2, the PMD is designated to set standards for and promote project management best practices, and to serve in direct support of the CIO and ITIB. The VITA legislation defines the following additional responsibilities for the Project Management Division:

- Assist the CIO in the development and implementation of a process for IT project approval;
- Assist the CIO in the development and implementation of a project management methodology;
- Provide assistance to agencies in the development of IT projects;
- Review and recommend (to CIO) approval of Agency IT Strategic Plans;
- Monitor implementation of Agency IT Strategic Plans and report periodically to the CIO;
- Review projects within Agency IT Strategic Plans and evaluate projects based on criteria defined by the legislation;
- Provide oversight for Agency IT projects;
- Review and recommend (to CIO) Agency IT project proposals based on criteria defined by the legislation;
- Review and recommend to the CIO formal IT procurements (Invitations for Bids and Requests for Proposals).

The Project Management Division was established within VITA on July 1, 2003, to fulfill assigned responsibilities and support the CIO and ITIB implementation of legislative mandates and ITIM best practices. Previously, the CTM Policy established the Department of Technology Planning (DTP) as the Commonwealth Enterprise Program Management Office to coordinate implementation of ITIM within the Commonwealth. The major responsibilities of the Enterprise Program Management Office, which transfer to the Project Management Division, are to:

- Facilitate tactical execution of business and IT strategic plans;
- Expedite decision-making to support project efforts;
- Provide management support to high risk/high value projects;
- Identify and recommend enterprise technology solutions.

To ensure that the ITIM responsibilities assigned to the Project Management Division are fulfilled in a timely manner, the Department of Technology Planning accomplished the following as part of the pre-July 1 transition to VITA:

- Modified the IT Strategic Planning Guideline for the 2004-2006 Budget Biennium (See Appendix 5-3, 2003 Agency IT Strategic Planning Guideline) to use evaluation criteria for Agency IT Strategic Plans specified by the legislation and to collect project proposal information needed to evaluate major IT projects for CIO and ITIB review and approval;
- Developed the Commonwealth Agency Technology Strategic Planning Application (CATSPA) to facilitate Web-based data capture and evaluation of Agency IT Strategic Plans and project data. A sample IT Strategic Plan and Project Proposal will be included in the next scheduled update of the VITA Operating Plan;
- Developed and promulgated a Commonwealth Project Management Guideline available at <http://www.vita.virginia.gov/projects/cpm/guidelines.cfm> that specifies best practices, including project information requirements, documentation, and major project deliverables, in support of the CIO and ITIB;
- Developed technical architectural standards and guidelines and the accompanying policies and procedures that reflect emerging trends and best practices across the spectrum of technologies.

These accomplishments, in the form of published guidance to agencies, facilitate the Commonwealth's ability to achieve ITIM objectives by establishing a methodology for the selection, control, and evaluation of IT investments to support the business needs of the Commonwealth. This methodology serves as the framework for migrating from the current Enterprise Architecture to the desired future architecture, leading to the cost-effective standardization of technologies across the enterprise. (See Enterprise Architecture References in Appendix 5-4). Such well-defined processes also help ensure that technology projects deliver business value on time and within budget.

Standard Process for Review and Approval of Major IT Projects

The Commonwealth Project Management Guideline (<http://www.vita.virginia.gov/projects/cpm/guidelines.cfm>) outlines a project management methodology to be used by agencies in the development of IT projects. Once the new Commonwealth CIO is appointed, a Project Management Standard, based on the Project Management Guideline, will be issued. The standard will establish the methodology for conceiving, planning, scheduling, and providing appropriate oversight for information technology projects, including a process for approving the planning, development, and procurement of information technology projects.

On behalf of the CIO, and as required by the *Code of Virginia*, VITA developed an interim approval process for proposed information technology projects by state agencies. The interim process ensures that all such projects conform to the statewide information

management plan and the information management plans of agencies and public institutions of higher education. The interim approval process incorporates requirements established within the *Code of Virginia* governing major IT projects.

The interim approval process begins with the submission of an Agency IT Strategic Plan (See Appendix 5-3, 2003 Agency IT Strategic Planning Guideline). Each agency submitted an IT Strategic Plan for the upcoming 2004-2006 Budget Biennium. The Agency IT Strategic Plan focuses on agency strategic goals, critical issues, strategic IT vision, and IT projects and procurements that will support agency business goals and critical issues. All proposed or continuing IT projects with expenditures planned for the next biennium, regardless of funding source, are identified in the agency plan. The VITA Project Management Division (PMD) prepares a review and recommendation for approval or disapproval of the Agency IT Strategic plan for the CIO. Once the CIO approves an Agency IT Strategic Plan, the plan is used to validate project proposal submissions.

For the current cycle of Agency Strategic IT Plan submissions for the 2004-06 biennium, agencies identified over 100 proposed major IT projects (\$1 million or more in total cost, or mission critical, or statewide application) requiring funding in the biennium, with an estimated total cost of \$438 million. An additional 26 active projects already underway and active on the Commonwealth Information Technology Major Projects Dashboard were identified in the plans as needing funding into the 2004-06 biennium, with estimated costs totaling \$624 million. The table below provides a breakdown of the projects by Secretariat, divided into three categories:

- Recommended for Planning—projects recommended for planning and continuation in the 2004-2006 Budget Biennium, ranked within each Secretariat.
- Identified for Preliminary Planning—projects identified for preliminary planning that will be initiated or continuing in the 2004-2006 Budget Biennium. Projects in this category must submit a proposal to the CIO at the conclusion of preliminary planning.
- Active Projects—technology projects which will continue in the 2004-2006 budget biennium and are currently active on the Commonwealth Information Technology Major Projects Dashboard or previously approved for planning by the CIO. This category of projects does not require a proposal submission or recommendation.

Major IT Projects Requiring Funding in 2004-2006 Biennium								
Secretariat	Recommended for Planning Major IT Projects Count	Estimate At Completion (EAC) for Recommended for Planning Major IT Projects	Identified for Preliminary Planning Major IT Projects Count	Estimate At Completion (EAC) for Identified for Preliminary Planning Major IT Projects	Active Major IT Projects Count	Estimate At Completion (EAC) for Active Major IT Projects	Total Major IT Projects Count	Estimate At Completion (EAC) for Total Major IT Projects
Administration	4	\$17,241,800	1	\$500,000	0	\$0	5	\$17,741,800
Commerce and Trade	3	\$3,419,895	0	\$0	2	\$6,420,160	5	\$9,840,055
Education	41	\$162,139,496	2	\$2,657,539	8	\$148,965,399	51	\$313,762,434
Finance	3	\$1,206,370	2	\$170,000	1	\$31,000,000	6	\$32,376,370
Health & Human Resources	8	\$40,683,789	2	\$14,500,000	3	\$17,025,000	13	\$72,208,789
Natural Resources	2	\$3,700,000	0	\$0	0	\$0	2	\$3,700,000
Public Safety	18	\$43,868,709	3	\$2,960,000	3	\$377,731,522	24	\$424,560,231
Technology	2	\$3,238,000	9	\$55,843,000	1	\$2,206,966	12	\$61,287,966
Transportation	4	\$5,373,500	8	\$80,905,272	8	\$40,709,797	20	\$126,988,569
Total	85	\$280,871,559	27	\$157,535,811	26	\$624,058,844	138	\$1,062,466,214
Note: All Estimates at Completion (EAC) are preliminary estimates.								

For planned major IT projects, project proposals, detailing the business need for the project, the proposed technology solution, if known, and an explanation of how the project would support agency business objectives and the Commonwealth information technology plan, must be submitted by agencies to the PMD. Project management specialists within PMD review those proposals against established criteria. The criteria reflect guidelines designated in the VITA legislation, to include:

- Degree to which the project is consistent with the Commonwealth's overall strategic plan;
- Technical feasibility of the project;
- Benefits to the Commonwealth of the project, including customer service improvements;
- Risks associated with the project;
- Continued funding requirements;
- Past performance by the agency on other projects.

Based upon the proposal evaluations, PMD staff categorizes, ranks, and recommends approval or disapproval of projects for consideration by the CIO. The CIO reviews the project reports (See Appendix 5-5, IT Portfolio Sample Reports) and project proposals for recommendation to the IT Investment Board for approval or disapproval. The reports provided by the PMD also serve as the basis for development of a list of recommended projects from the CIO to the IT Investment Board for submission of funding priorities to the General Assembly and the Governor. Once the new CIO is appointed by the IT Investment Board, the major IT project approval process will be revised as directed.

Strategic Investment Opportunities

Inherent in the implementation of ITIM within the Commonwealth is an emphasis on reviewing all proposed IT investments from an enterprise perspective. The current project and procurement initiation process includes reviews by VITA and, for major IT projects, Secretariat Oversight Committees, to ascertain the business need and overall value of planned IT investments. As part of the review process, emphasis is placed on evaluating the potential strategic impact of the investment, including opportunities for collaboration across Commonwealth agencies. Recent examples of the success of this approach have included collaborative efforts among Virginia colleges and universities to reduce the number of different student information system (SIS) implementations.

The VITA legislation brings additional emphasis to the identification of strategic IT investment opportunities in the Commonwealth. As a result of recent VITA transition planning and the current agency IT strategic planning process for the 2004-2006 budget biennium, consolidation, collaboration, and partnership investments opportunities are being identified for presentation to the CIO and IT Investment Board. Analysis of agency IT plans, to support budget preparation, is now underway. Preliminary examples of strategic investment opportunities in the current strategic planning cycle include: the consolidation of communications networks in conjunction with Capital Campus renovations; Web-based licensing projects; video-conferencing facilities; grants tracking and management systems; and, self-service kiosks.